

Southern Nuclear Operating Company
P. O. Box 1295
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August 5, 2013

Docket Nos.: 50-348
50-364

NL-13-1654

U. S. Nuclear Regulatory Commission
ATTN: Document Control Desk
Washington, D. C. 20555-0001

Joseph M. Farley Nuclear Plant
Financial Assurance Requirements for Decommissioning
Nuclear Power Reactors (10 CFR 50.75(f)(1) and (2))
Response to Request for Additional Information

Ladies and Gentlemen:

Southern Nuclear Operating Company (SNC) letter dated March 29, 2013 (NL-13-0675), provided the status of the decommissioning funding for Joseph M. Farley Nuclear Plant (FNP), on behalf of Alabama Power Company (the licensed owner), in accordance with the requirements of 10 CFR 50.75(f)(1) and (2). The NRC requested, by letter dated July 16, 2013, that SNC provide additional information to facilitate its review within 14 days of the NRC request. SNC verbally requested, and the NRC granted, an extension to the required response date for the request for additional information (RAI) to allow coordination of the response with the licensed owner. Accordingly, the enclosed letter provides the Alabama Power Company response to the NRC RAI, dated July 16, 2013.

This letter contains no NRC commitments. If you have any questions, please contact Ken McElroy at (205) 992-7369.

Sincerely,

A handwritten signature in black ink that reads "C. R. Pierce". The signature is written in a cursive style.

C. R. Pierce
Regulatory Affairs Director

CRP/EMW

Enclosure: Alabama Power Company Response

U.S. Nuclear Regulatory Commission

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cc: Alabama Power Company

Ms. A. Allcorn-Walker, Vice President, Comptroller

Mr. C. Blake, Assistant Treasurer

Southern Nuclear Operating Company

Mr. S. E. Kuczynski, Chairman, President & CEO

Mr. D. G. Bost, Executive Vice President & Chief Nuclear Officer

Mr. T. A. Lynch, Vice President – Farley

Mr. B. L. Ivey, Vice President – Regulatory Affairs

Mr. B. J. Adams, Vice President – Fleet Operations

Rtype: CFA04.054

U. S. Nuclear Regulatory Commission

Mr. V. M. McCree, Regional Administrator

Mr. R. E. Martin, NRR Senior Project Manager – Farley

Mr. P. K. Niebaum, Senior Resident - Farley

Mr. J. R. Sowa, Senior Resident – Farley

**Joseph M. Farley Nuclear Plant
Financial Assurance Requirements for Decommissioning
Nuclear Power Reactors (10 CFR 50.75(f)(1) and (2))
Response to Request for Additional Information**

Enclosure

Alabama Power Company Response

Anita Allcorn-Walker
Vice President & Comptroller

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August 1, 2013

U.S. Nuclear Regulatory Commission
ATTN: Document Control Desk
Washington, D.C. 20555-0001

Docket Nos.: 50-348
50-364

Joseph M. Farley Nuclear Plant -- Units 1 and 2
Response to NRC Request for Additional Information -
Decommissioning Funding Certification

Ladies and Gentlemen:

By letter dated March 29, 2013, Southern Nuclear Operating Company (SNC) provided the report on the status of decommissioning in accordance with 10 CFR 50.75(f)(1) and (2) for the Joseph M. Farley Nuclear Plant (FNP) on behalf of Alabama Power Company (APC). By letter dated July 16, 2013, the Nuclear Regulatory Commission (NRC) submitted a request for additional information (RAI) to SNC and requested the required information be provided within 14 days of issuance of the NRC request. Accordingly, APC's response to NRC RAI Question 1 for FNP is enclosed.

Please advise if you have any questions or comments regarding the information provided herein.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Anita Allcorn-Walker". The signature is fluid and cursive, written over a white background.

Anita Allcorn-Walker

AA-W: mkj

Enclosure: Alabama Power Company's Response

Joseph M. Farley Nuclear Plant – Units 1 and 2
Response to NRC Request for Additional Information -
Decommissioning Funding Certification

ENCLOSURE

Alabama Power Company Response

NRC Request:

Section 50.75(f)(1) and (2) to Title 10 to the Code of Federal Regulations (10 CFR) require the licensee to report the amount of funds accumulated to the end of the calendar year preceding the report. In the March 29, 2013, reports, the licensee did not state if the amount of decommissioning funds accumulated for the facilities were an after-tax amount. The provisions of 10 CFR 50.75(f)(1) and (2) require the licensee to report the amount of funds accumulated to the end of the calendar year preceding the report. Provide the after-tax amount of funds accumulated through December 31, 2012 for each unit.

Alabama Power Company Response:

The requirements of 10 CFR 50.75(f)(1) and (2) are essentially identical with (f)(1) specifically addressing the timing of the reporting requirements for those plants that have been issued a combined operating license in accordance with the provisions of 10 CFR Part 52. For the Joseph M. Farley Nuclear Plant, Units 1 and 2 (FNP), this provision generally does not apply and the RAI response is based on the requirements of 10 CFR 50.75(f)(2).

Alabama Power Company (APC) utilizes the external sinking fund in accordance with the provisions of 10 CFR 50.75(e)(1)(ii) as the method for providing financial assurance of decommissioning required by 10 CFR 50.75(b)(1) for its ownership share of FNP. The external sinking fund established for this purpose is in the form of an external trust and is comprised of equities, fixed-income investments, and cash or cash-equivalents and as such, includes both realized and unrealized gains/losses.

The financial assurance reporting requirements of 10 CFR 50.75(f)(2) specifically require each licensee to report the amount of decommissioning funds accumulated to the end of the calendar year preceding the date of the report. Accordingly, the report provided by APC of financial assurance of decommissioning funding submitted to the by SNC letter NL-13-0675, dated March 29, 2013, reflects the trust fund balance as of December 31, 2012, as shown on the statement provided by the trustee.

In summary, the amount of decommissioning funds accumulated to the end of December 2012 previously reported by SNC letter dated March 29, 2013, represent the after-tax balance of the trust funds established for the purpose of providing decommissioning funding assurance for FNP. That is, the tax liability has been paid on realized gains for investments held by the trust and the trust balance will be adjusted, as appropriate, to account for gains/losses and any corresponding tax implications at the time the gains/losses are realized.